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Grassley, Others Urge China to Open Markets to U.S. Ag Products

WASHINGTON – Sen. Chuck Grassley, ranking member of the Committee on Finance, and other senators today urged China to stop threatening U.S. exports of soybeans, soybean products, processed food and other agricultural products. The senators wrote to the Chinese ambassador to the United States and also wrote to President Bush expressing concern about the problem.

The text of the senators' letters follows.

June 27, 2002

The Honorable Yang Jiechi
Ambassador Extraordinary and Plenipotentiary of the
People's Republic of China to the United States
2300 Connecticut Avenue, NW
Washington, D.C. 20008

Dear Mr. Ambassador:

We are writing to express our strong concern about continuing difficulties related to China's proposed use of questionable biotechnology product approval and food labeling regulations that threaten U.S. exports of soybeans, soybean products, processed food and other agricultural products to China.

We are concerned that these new regulations, particularly the regulations recently proposed by China's Ministry of Health, will completely undermine the improved market access China granted to U.S. exports of corn, wheat, and other agricultural products when China entered the World Trade Organization.

Earlier this year, China's Ministry of Agriculture sought to suddenly impose scientifically questionable regulations on U.S. grains exports. A disruption in trade was averted through an interim agreement on safety certification for biotechnology products that expires on December 20, 2002.

Since that interim agreement was reached, China's Ministry of Health has issued additional approval and labeling regulations that again threaten to cutoff our exports. We have serious concerns about whether these regulations are compatible with China's WTO commitments. One important concern is that these new regulations have not been notified to the WTO as required. Further, the new MOH regulations are being imposed in a manner that does not provide sufficient time for clarification of their numerous ambiguities. In fact, China has not even provided guidance on compliance with the MOH regulations, even though they take effect on July 1, 2002.

In the case of the new Ministry of Agriculture regulations, U.S. exporters are faced with time constraints that are entirely unrealistic. These rules require field testing of each biotech event for each commodity as part of the complete data submission required for a safety approval before the interim measures expire on December 20.

These requirements clearly inhibit the ability of United States exporters to complete the required field testing in China by December 20, and it is highly likely that trade in biotechnology-related products will end at that time, unless China modifies its regulations or the time for compliance.

We believe that it is crucially important that trade between our two countries not be disrupted. Accordingly, we urge your government, in the strongest terms, to take appropriate steps to ensure that implementation of these new safety regulations do not interfere with trade.

Sincerely,

Chuck Grassley

Max Baucus

June 27, 2002

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

We are writing to express our concern about the severe market access difficulties which continue to face United States agricultural exports. We are particularly concerned about the impact which China's ongoing efforts to adopt new biotechnology product approval and food labeling regulations is having on our ability to export to this potentially large market.

U.S. soybean exporters have already lost an estimated \$240 million worth of sales to China

due to the uncertainty caused by the Chinese Ministry of Agriculture's attempt to impose scientifically questionable regulations on U.S. grain exports earlier this year. Without your timely intervention and conclusion of an interim agreement with China, losses would have been much higher.

Since conclusion of the interim agreement, the Chinese government, through the Ministry of Health and the Ministry of Agriculture, has issued additional biotech approval and labeling regulations which again threaten to impede U.S. agriculture exports to China. We have a number of concerns with these new requirements and regulations and question whether they are compatible with China's commitments under the World Trade Organization and certainly our bilateral agreement with respect to agriculture.

For example, the new Ministry of Health regulations, which are to take effect on July 1, 2002, still have not been notified to the WTO as required. Further, there has been insufficient time for U.S. exporters to seek clarification of the numerous ambiguities inherent in the regulations. Finally, the Chinese government has not provided any guidance as to how U.S. exporters are to comply with the new regulations.

We also are concerned that the new Ministry of Agriculture regulations are also being implemented in an unrealistic manner. For example, Ministry of Agriculture rules now require field testing for each commodity as part of the data requirements necessary for U.S. exporters which must be submitted before December 20, 2002, to receive the required safety approval to export to China. However, Chinese authorities are limiting the ability of U.S. exporters to import the seeds needed to complete the required field testing, clearly inhibiting their ability to complete the tests and gather the data needed to comply with the December 20, 2002 deadline.

Mr. President, U.S. exports of soybeans, corn, wheat, and other agricultural products, which were granted improved market access by China when China entered the World Trade Organization, continue to be threatened by these new regulations. Without quick resolution of these problems, U.S. agriculture producers and food manufacturers will be severely harmed.

Accordingly, we urge you to bring this matter to the attention of the Chinese government as soon as possible and emphasize in the strongest possible terms how critically important it is that these new biotech regulations not unjustly impede U.S. agriculture exports.

We will continue to work with you to ensure proper monitoring and enforcement of China's WTO obligations and stand ready to assist you in taking the necessary steps to ensure compliance.

Sincerely,

Chuck Grassley

Max Baucus

Richard Lugar

Tom Harkin